thereto. From a report received by the Director from the Chief Educational Officer, Thanjavur, it is seen that out of the 45 Hindi teachers, only 5 teachers had the necessary qualification in Hindi, viz., Pracharak Diploma. The five teachers did not have the educational qualification of E.S.L.C. with English or Higher qualification. Under the impression that a qualified Hindi Pandit should have at least E.S.L.C. with English qualification, all the five teachers were given termination notice. Out of the five, one was re-instead as the High Court on a writ petition had stayed the orders of termination. The Director of School Education has since issued orders to the Chief Educational Officer, Thanjavur to reinstate the remaining four candidates as per instruction in paragraph 12 of G.O. No. 477, Education, dated 1st April 1968.

The other 40 candidates did not have the professional qualification in Hindi, viz., Pracharak Diploma or Oriental Title, whatever might be their general educational qualification. Hence their services were terminated on the expiry of the two months' notice period.

V. PRESENTATION OF THE FINAL SUPPLEMENTARY STATEMENT OF EXPENDITURE FOR 1968-69.

THE HON. THIRU K. A. MATHIALAGAN : Mr. Chairman,

Sir, I rise to present the Final Supplementary Estimates for the year 1968-69. A detailed statement explaining demands for grants is placed on the table of the House. The Supplementary Estimate is in all for a sum of Rs. 66 crores of which, however, only a sum of about Rs. 11 crores is on revenue account.

2. The House will notice that substantial portion of the appropriation now sought relates to the repayment of public debt for which a provision of about Rs. 46 crores has been made. I would like to draw the attention of the Hon'ble Members to the fact that even though the provision may, at first sight, appear to be large, it does not involve any real impact on the resources of the State. The appropriation has been necessitated by an accounting procedure introduced in the year 1966-67 whereby every time there is a reduction in the overdraft of the State Government with the Reserve Bank of India with reference to that on the previous day, the reduction is regarded as a payment from the Consolidated Fund of Tamil Nadu to the Reserve Bank of India. Accordingly, every such payment has to be covered by appropriation. If, for instance, we avail of an overdraft of Rs. 1 crore on a particular day and repay this overdraft on the next, the revised accounting procedure requires that an appropriation of Rs. 1 crore be sought for this repayment. If we again resort to an overdraft of Rs. 1 crore the next day and clear it the day after, we have to obtain yet another appropriation of Rs. 1 crore. If, therefore, the overdraft availed of by the State

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Government does not exceed Rs. 1 crore on any day of the month but at the same time if there are fluctuations in the cash balance from day-to-day, it is quite posisble that the requirements of appropriation could be as high as Rs. 15 crores for a month if there are fifteen occassionsof repayment. This makes it clear that the appropriation sought does not give an idea of the extent to which the State has been in overdraft ; it is merely indicative of the day-today fluctuations in the cash balance. Indeed, it exaggerates our overdraft position.

3. While on the subject of overdrafts, I would like to take this opportunity of assuring this House that there is nothing unusual or alarming about the overdraft which we are availing of from the Reserve Bank of India. We should distinguish between the overdrafts due to purely transitory or seasonal divergence between receipts and expenditure and the overdrafts arising from more basic and serious imbalance in the budgetary posiiton of a State. I can unhesitatingly state that the overdrafts which we are now having recourse to are on account of the former. We are running an overdraf of about Rs 15 crores now. One of the main reasons for this overdraft is the fact that large sums of money far in excess of our overdraft are still due to us from various departments of the Central Government as arrear of Central assistance and as our share of Central taxes. These are expected to come in towards the end of the financial year. But as a State Government, we cannot afford to delay our expenditure till these receipts come in. The overdraft acts as a buffer between the expenditure and receipts. Another relevant factor is that we have large stocks of fertilisers, whose sales have become difficult because of the drought conditions in the State. We carry nearly Rs 23 crores worth of fertilisers.

4. Much has been made of the existence of an overdraft in our account. We may agree at the very outset that the continuous existence of an overdraft indicates an unhealthy balance between budgeted receipts and actual receipts and budgeted expenditure and actual expenditure. But our position is not like that. We are attempting to clear the overdraft and we have every confidence that we will succeed in so doing by the end of this month, provided all the assistance that is due to us from the Centre is sanctioned and credited at the appropriate time. It is common knowledge that even in normal business, any large organisation is bound to have recourse to overdrafts from time to time from its bankers to meet its requirements of working capital and to take care of lags between the incurring of expenditure and the realisation of receipts. Such needs are naturally more pronounced in the case of a State Government which apart from having to finance the activities of several departments and commercial undertakings, has also to provide funds for the building up of stocks of essential commodities in the interests of the community at large. I would therefore like to point out that if such transient overdrafts are to be avoided by States like ours, there is need to rationalise the pattern of release of funds made available by the Centre to States during the course

of the year. To illustrate, by an example, under the present arrangement 10 per cent of the State's share of income-tax is paid in July, 20 per cent in October, 25 per cent in January and the balance of 45 per cent in March. This pattern of release naturally results in lags between expenditure and receipts. Another step which would enable the State to manage without temporary overdrafts would be a review of the present arrangements regarding authorised ways and means advances from Reserve Bank of India to the State Governments. While in 1954-55, Reserve Bank of India gave an authorised accommodation of nearly 1.8 per cent of our receipts on Revenue Account, now the accommodation is only 0.6 per cent. That is to say, which the scale of our transactions has increased, the banker's limits have not kept pace. This is yet another question which needs urgent review. I would, therefore, once again like to assure the Hon'ble Members that the overdrafts we are having are purely transient and can well be eliminated provided steps are taken on the lines I have indicated to reorganise the pattern of relations between our Bankers, Government of India and ourselves.

5. Certain large items included in the present Supplemetary Estimates have little impact on the State's own resources. Hon'ble Members will notice that a sum of Rs. 105 lakhs has been provided for share capital contribution to the Madras State Small Industries Corporation. This is in compliance with budgetary and accounting formalities consequent on the retransfer of certain units from the Corporation to the State Government. The provision made on the expenditure side will be balanced by a receipt under recoveries of loans and advances. Under State Trading, we have sought an appropriation of Rs 427 lakhs for the purchase of wheat. Since the sum now sought would be recovered in due course from the sale of wheat, these transactions too would have no permanent impact on the finances of the State. Again, Hon'ble Members would have noticed that we have sought an appropriation of Rs. 124 lakhs under Road Transport Schemes. This reflects the expansion which has taken place in the activities of the Department and the expenditure now proposed would, by and large, be covered by additional receipts. Likewise, two other important items included in the present Supplementary Estimates would not cast an immediate burden on State finances. These relate to the Water Supply Scheme for the Atomic Energy Plant at Kalpakkam and Madras Fertilisers Plans, Manali, for which a provision of Rs. 27 lakhs has been included. The expenditure on these items will be covered fully by loan assistance from the Government of India.

6. I would like to invite the attention of the House to the provisions sought in the present Supplementary Estimates for larger grants of Rs. 22 lakhs to the Panchayat Unions for the maintenance of Maternity and Child Welfare Centres. Additional appropriation has also been sought for transfer of entertainment tax collected by the State Government on behalf of the local bodies and for larger peyments of local cess surcharge matching grant to

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Panchayat Unions. Such transfer of resources will, I am sure, enable the local bodies to implement with greater vigour the various developmental programmes entrusted to them.

7. The present Supplementary Estimates reflect in a measure some of the programmes undertaken by Govenrment for relief in the drought-stricken areas of the State. Hon'ble Members will notice the a provision of Rs. 25 lakhs has been sought as contribution to the Agricultural Stabilisation Fund which would be utilised to give relief to the ryots in areas affected by drought in the matter of repayment of debts to the Co-operatives. A provision of Rs 26 lakhs has been made for deepening of wells in Salem and Coimbatore districts. We have also sought an additional provisions of Rs. 15 lakhs for urgent measures undertaken to surmount the difficult water-supply position in Madras City of which Hon'ble Members are only too well aware.

8. I am sure that Hon'ble Members would welcome the provision of Rs 32 lakhs sought for the construction of a fishing harbour at Tuticorin. The Government of India have cleared this project for which an outlay of Rs. 208 lakhs is envisaged and the expenditure on the project will be covered fully by assistance from them. Hon'ble Members will also notice that we are seeking a provision of Rs. 20 lakhs as additional share capital for hte Agro-Industries Corporation for the purchase of tractors. This will be matched by direct contribution of Rs. 20 lakhs by the Government of India and would enable the Corporation to expand the scale of its activities.

9. I may also mention the additional provision of Rs 24 lakhs sought for scholarships for Backward Class students. In order to co-ordinate and implement more effectively the various Social Welfare programmes being implemented by Government, a separate department in the Secretariat has been established and the approval of the Legislature for this has been sought through a provision included in the Estimates.

10. Several of the items included in the present Supplementary Estimates have already been reflected in the revised estimates presented to the House. We have also taken the opportunity to make a further review of the requirements of the departments based on the expenditure incurred so far in the current year and in this process, some requests for additional funds have been conceded. The Supplementary Estimates now before the House, therefore, represent certain increases, as in the previous year, over the Revised Estimates.

11. Other proposals included in the Supplementary Estimates do not call for special comments apart from the detailed explanatory notes furnished in the statement. With these words, Sir, I commend the Supplementary Estimates for the acceptanec of this House.